GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:58
ANSWERED ON:24.11.2006
INFLATION RATE
Singh Shri Uday;Thummar Shri Virjibhai

Will the Minister of FINANCE be pleased to state:

(a)Whether inflation rate has been higher during the second half of the current fiscal year;

(b) If so, the reasons therefor ;

(c) The steps taken/being taken by the Government to bring down the inflation rate and to check the price rise of essential commodities;

(d)Whether Government has prepared a comprehensive action plan to keep inflation below 5% alongwith achieving double digit GDP growth; and

(e) If so, the details thereto ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (e): A statement is placed on the Table of the House.

STARRED QUESTION NO. 58 (POSITION NO. 18) STATEMENT REFERRED TO IN REPLY TO LOK SABHA ON NOVEMBER 24, 2006 BY SHRI UDAY SINGH AND SHRI V. K. THUMMAR INFLATION RATE

(a)to(e) Inflation rate as measured in terms of the Wholesale Price Index during the second half of current financial year 2006-07 has remained in the range between

5.1-5.4 per cent since October 7 to November 4, 2006. Increase in the inflation rate for primary articles has been due to supply side constraints (and consequent demand-supply gap) and hardening of international prices, particularly in respect of wheat, pulses and edible oils. Steps have been taken to augment the domestic availability by reduction in the duty rates for pulses and wheat to zero, palm group of edible oils by 10-percentage points and a ban on exports of sugar and pulses. A partial pass-through of the higher crude petroleum prices also moderated the prices of commodities in the fuel and power group.

Table 1: Weekly Rate of Inflation for Commodity Groups in second half of 2005-06 and 2006-07

Week-Ending	All Commodities		Primary Articles		Fuel & Power		Manufactured Procucts	
(Date)	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07	2005-06	2006-07
7-Oct	4.9	5.2	3.6	7.5	11.3	5.2	3.0	4.2
14-Oct	4.8	5.3	4.0	7.3	10.9	5.2	2.8	4.4
21-Oct	4.5	5.4	2.8	7.8	10.6	5.5	2.8	4.5
28-Oct	4.8	5.1	3.7	6.7	10.6	5.5	3.0	4.3
4-Nov	4.0	5.3	4.3	6.8	7.1	5.5	2.8	4.6